

Most Important News – April 2006

Throughout the month of April, the SARG used its control of the press to reassure the public of its ability to deal effectively with all threats to the health of the country's economy. Dailies trumpeted the second "Tourism Investment Forum" held in late April, praised the law establishing foreign currency exchange offices, highlighted successful efforts in thwarting smuggling attempts, and reported positively on the decision setting price ceilings on children wear. In addition, government media covered extensively the visit of Iran's Chairman of its Expediency Council, Sheikh Hashemi Rafsanjani, highlighting the two countries' supposedly superb economic relations. On the other hand, coverage of Avian Influenza (AI) has decreased dramatically. The only new corruption case reported on SARG officials seizing a food processing plant. End summary.

1- Syria and Iran: The visit of Iran's Chairman of Expediency Council, Sheikh Hashemi Rafsanjani, to Syria in mid-April dominated the local press, which praised the excellent relations between the two countries and called for further enhancement of economic and trade ties. Dailies gave front-page coverage to Rafsanjani's visits to the Iranian-built car assembly plant near Damascus and to the Baniyas oil refinery and power generation plant on the coast. Articles reiterated Rafsanjani's statement hoping to expand bilateral cooperation in the fields of oil, gas and railways. Early in April, press articles highlighted the visit of the Director General of the Iranian "Sivico" car manufacturing Company to Homs where the joint Syrian-Iranian \$200 million car manufacturing plant is being built and confirmed that production would begin by the end of 2006. According to press reports, the Syrian Prime Minister, Mohammed Naji al-Utri, directed several government entities to purchase their car needs from this Iranian-built car assembly plant. Dailies in late-April reported a meeting between Syria's Minister of Economy and Trade, Amer Lutfi, and Iran's Minister of Housing and Construction to discuss means to boost economic and trade ties, including grain silos project and the car assembly and cement plants. In addition, state-owned press reported on Iran's Ambassador's call on the Syrian Minister of Irrigation, Nader al-Bunni, who expressed hope that Iranian companies would become more active in participating in water and irrigation tenders and projects. Finally, articles reported on the visit of the Syrian Minister of Communications and Technology, Amr Salem, to Tehran to sign a \$32 million contract for the import of fiber optics and to discuss the reduction of tariffs imposed on telephone calls between the two countries.

2- Smuggling: Throughout the month of April, the SARG continued to use its controlled press to highlight the success of the concerned authorities in thwarting several attempts to smuggle in cigarettes from Iraq as well as alcoholic drinks. State press carried statements by the Minister of Petroleum and Mineral Resources, Sufian Al-Alao, claiming the SARG had nothing to do with a recent seizure by Iraqi authorities of 400,000 barrels of oil close to the border with Syria. Articles also reported on instances in which customs officials had prevented operations to smuggle gold, diesel, and Syrian pounds to Jordan. According to regional press, successful measures adopted by the Syrian and Jordanian financial and customs authorities, including strict control on the border crossings, prevented the smuggling of Syrian pounds via Jordan. State-owned press criticized the decision issued recently stipulating a reduction in the amounts of gasoline supplied to government vehicles. They blamed the decision for causing customs squads to limit their trips to the border areas thus availing greater opportunities to the smugglers to resume their activities. An editorial accused current trade laws and regulations for encouraging smuggling operations and called the government to liberalize trade in order to render smuggling profits unattractive.

3- Foreign Direct Investment (FDI): State-controlled press continued to stress that, despite the US-led international political and economic pressure, Syria is still able to attract foreign and Arab investors which it claims was proven by last year's investment increase. Articles in early April highlighted the investment meetings attended by the Deputy Prime Minister for Economic Affairs', Abdallah Dardari, who announced that two international investment conferences will be held in Syria this year of which the first is scheduled for September 2 and intended to promote investment in northeast Syria. The second conference will be held during the 4th quarter of 2006 to attract investment in the south. In addition, dailies reported on the U.S. "Cargill" company getting ready to begin constructing in late April an \$80 million sugar refinery with a production capacity of one million tons of sugar per year. Government dailies trumpeted the second

“Tourism Investment Market Conference” held in late April. All the dailies covered statements by high-level Syrian officials at the conference, who praised Syria’s investment climate and described new measures to make Syria a tourist destination of regional and international stature.

4- Currency: The number of articles related to the recovery in the value of the Syrian pound, presently at 52.00 SP/USD on the black market, noticeably decreased and appeared in back pages. State-owned press had front-page coverage of President Asad issuing Law 24 allowing the Money and Credit Council to give licenses to private establishments to conduct currency exchange businesses. Press articles highlighted that the law is hoped to eventually lead to the abolishment of the black market and increase in transparency. Dailies interviewed the Governor of the Central Bank of Syria and Chairman of the Money and Credit Council, Adib Mayaleh, who claimed that the implementation instructions for the law will be announced within a few days and expected the money exchange companies to begin operation within the second half of 2006.

5- Prices: The topic of increased commodity prices in the market was almost daily news throughout the month of April. Government-controlled media continued criticizing the inability of the authorities to curb inflation. Dailies denied statements of officials claiming that the prices are under control instead emphasizing the general dissatisfaction of the mass public. Articles asked for the intervention of concerned authorities to protect consumers from what the press described as the greed of manufacturers and wholesalers. Front-page coverage was given to the meeting between the Minister of Economy and Trade, Amer Lutfi, and children wear manufacturers prior to announcing a decision to set ceilings on the prices of children wear. Articles reiterated Lutfi’s statement of last month that the SARG was compelled to set price ceilings because of unreasonable increase in prices of what is a locally manufactured commodity.

6- Avian Influenza (AI): In April, the government continued its strategy of lowering the profile of AI to limit the economic impact on domestic poultry producers. Throughout the month, only two articles appeared in the government-controlled media discussing Avian Influenza. The first appeared in mid-April when one of the government’s dailies interviewed the representative of the World Health Organization who praised the efforts of the Syrian authorities for preventing the spread of AI to the country and confirmed that Syria is still free of the disease. In late April, another daily reported that the Chinese Ambassador to Damascus visited the Minister of Agriculture, Adel Safar, to deliver a \$500,000 grant for enhancing protective measures against the disease.

7- Corruption: The government-controlled al-Thawra newspaper reported in early April that “Afia”, one of Syria’s biggest food firms owned by the sons of the former Vice President Abdul Haleem Khaddam, has been seized for corruption reasons. The article described the reasons behind the seizure including the plant’s location in a suburb not fit for food processing projects due to pollution and other environmental conditions, the unsanitary premises, the usage of rotten meat, and the fraudulent export to neighboring countries without meeting hygienic standards.